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PRESS RELEASE

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**L.A. LANDLORD CONVICTED ON
THREE COUNTS OF BANKRUPTCY FRAUD**

LOS ANGELES--Bernard Gross of Los Angeles was convicted February 16, after a two-week jury trial, on three counts of bankruptcy fraud for making false statements in his bankruptcy papers, United States Trustee Maureen Tighe announced today.

"Gross' false statements prevented the Bankruptcy Court from learning about other potentially related bankruptcy cases, and about properties and businesses that may have been connected with other bankruptcy filings," Tighe explained. "Failure to disclose information serves to conceal abuse of the bankruptcy system and prevents creditors from protecting their legitimate claims."

Gross filed for bankruptcy in August 1996 in Santa Ana, Calif. In papers submitted in connection with that case, Gross made false statements concerning the number of times he had previously filed for bankruptcy, the number of properties he owned, and the number of businesses he controlled. For example, Gross stated that he had filed for bankruptcy only once before, when he had actually filed seven prior cases between January 1991 and August 1996.

Since at least 1989 Gross had filed multiple bankruptcies, in his own name and in the names of others, to protect as many as 800 rental properties from foreclosure. On Jan. 14, 1997, the Bankruptcy Court for the Central District

of California enjoined Gross from filing further bankruptcy cases. On Feb. 4, 1997, the Bankruptcy Court fined Gross \$85,000 on the basis of evidence, provided by the United States Trustee, that Gross had filed his bankruptcy petition in bad faith and for an improper purpose.

In December 1997, Gross was indicted on 17 counts, primarily involving bank fraud. The criminal case ultimately went to trial on the bankruptcy fraud counts pertaining to the Santa Ana bankruptcy filing. Financial analyst Marilyn Sorensen and Attorney Advisor Michael Hauser of the United States Trustee Program's Santa Ana office had engaged in an extensive investigation and had determined that Gross failed to list the prior bankruptcies filed, real property owned, and businesses controlled by him. Sorensen testified at the criminal trial, and an audiotape of her prior examination of Gross was played for the jury. The case was prosecuted by Assistant United States Attorney Kendra McNally.

Meanwhile, in October 1998, the United States Trustee filed an application for an order to show cause why Gross should not be held in civil contempt of court for violation of the 1997 Bankruptcy Court injunction and failure to pay the \$85,000 sanction. On Dec. 7, 1999, the Bankruptcy Court found Gross in contempt and referred the matter to the District Court for appropriate punishment. The District Court has not yet heard this matter.

The United States Trustee Program is a component of the Justice Department that monitors the administration of bankruptcy cases nationwide. Tighe serves as United States Trustee for Region 16, the Central District of California.

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